



**Entergy Arkansas, Inc.**  
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P.O. Box 551  
Little Rock, AR 72203-0551  
Tel 501 377 3521  
Fax 501 377 3599

**Hugh McDonald**  
President and CEO

December 19, 2005

Ms. E. Renae Conley  
President and CEO, Entergy Louisiana, Inc.  
President and CEO, Entergy Gulf States, Inc. – Louisiana Operations  
446 North Boulevard  
Baton Rouge, LA 70808

Ms. Carolyn C. Shanks  
President and CEO, Entergy Mississippi, Inc.  
308 East Pearl Street  
Jackson, MS 39201

Mr. Joseph F. Domino  
President and CEO, Entergy Gulf States, Inc. – Texas Operations  
350 Pine Street  
Beaumont, TX 77701

Mr. Daniel F. Packer  
President and CEO, Entergy New Orleans, Inc.  
1600 Perdido Street, Building 505  
New Orleans, LA 70112

Re: Withdrawal of Entergy Arkansas, Inc. from current System Agreement

Dear Ladies and Gentlemen:

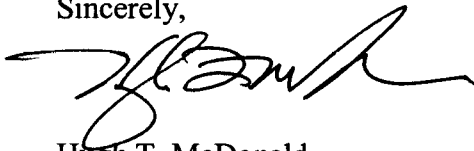
As you will recall, the January 31, 2002 testimony of Frank F. Gallaher before the Federal Energy Regulatory Commission ("FERC") in Docket No. EL01-88 discussed the Entergy Operating Committee's recognition of the need for modifications to the current System Agreement. While the System Agreement has produced benefits for EAI and the other Operating Companies historically, the recent run up in natural gas prices, combined with the decision by the FERC in Docket No. EL01-88 seriously erodes the benefits of EAI's continued participation in the System Agreement.

Accordingly, to the extent constructive notice of termination has not been provided previously, please be advised that pursuant to the provisions of the System Agreement, including section 1.01, EAI hereby provides written notice that it will terminate its participation in the current System Agreement effective 96 months from the date of this letter or such earlier date as authorized by the FERC.

Ms. Conley and Shanks  
Messrs. Domino and Packer  
December 19, 2005  
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If properly structured, I believe that a replacement agreement could allow the Operating Companies, including EAI, to continue to achieve economies and efficiencies that result from joint operation of an integrated electric system but without the continual litigation that has plagued the current System Agreement. Therefore, I would urge the Operating Committee to work expeditiously to develop a replacement agreement.

Sincerely,

A handwritten signature in black ink, appearing to read "H. McDonald", with a stylized flourish extending to the right.

Hugh T. McDonald

cc: Michael D. Bakewell  
Kenneth M. Turner